



NORTH CAROLINA ECONOMIC OVERVIEW: JUNE 2011

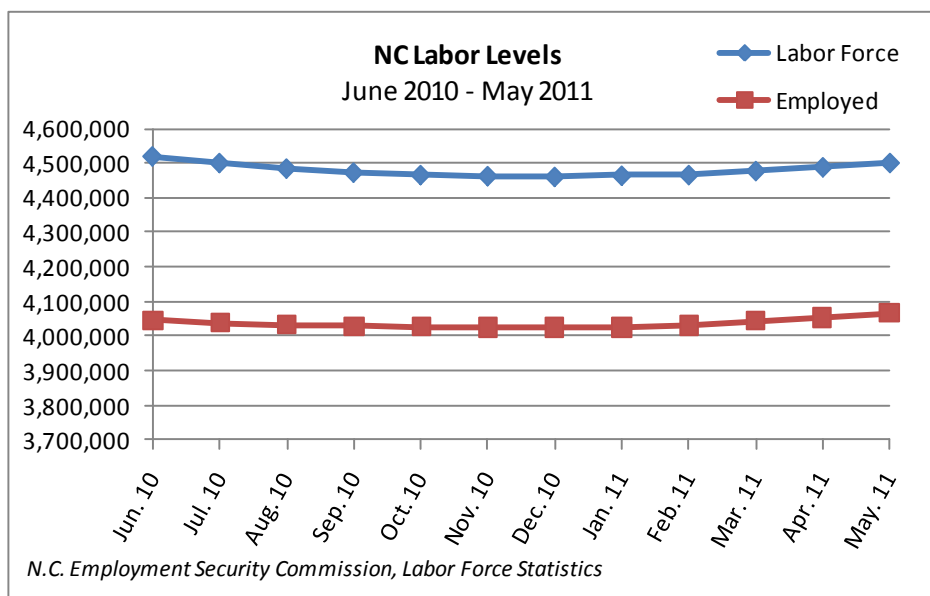
North Carolina's economy has been in a holding pattern for the last few months. The unemployment rate has been the same since March. Since last month the State has lost 7,400 nonfarm positions. However, total employment has increased by over 12 thousand. The discrepancy is because total employment includes farm workers, unpaid family workers, the self-employed, and people on unpaid leave.

National indicators show continued slow growth. Real GDP growth was revised to 1.9 percent in the 1st quarter of 2011 and analysts expect similar growth for the 2nd quarter. Consumer confidence fell 3 points in May but housing authorizations increased 2.5 percent from the revised April estimate.

KEY N.C. INDICATORS AT A GLANCE	
	N.C. Unemployment Rate unchanged 9.7% <i>Rate is unchanged from April</i>
	U.S. Unemployment Rate increased 0.1% <i>9.1% in May from 9.0% in April</i>
	Existing Home Sales increased 10.1% <i>7,627 in May from 6,926 in April</i>

Employment and labor force increased compared to April, but labor force remains smaller than last year

The number of employed workers in North Carolina continued to increase in May, growing by over 12 thousand people since April and 41 thousand since December. The labor force has also grown over those two periods, adding 12 thousand potential workers since last month and 39 thousand since December. Compared to the same month last year, however, the labor force is 40 thousand people smaller. To be counted in the labor force a person has to either be employed or have sought employment sometime in the last 4 weeks. In May of 2009 the labor force was larger than it was in May of 2008. Since then the labor force has been smaller than it was in the same month the previous year, marking 2 consecutive years of decline.



North Carolina Seasonally Adjusted Labor Force Statistics								
	Apr-11 (revised)	May-11 (preliminary)	Previous Month (5/11 compared to 4/11)		Last Year - Same Month (5/11 compared to 5/10)		Start of Recession (5/11 compared to 12/07)	
			Change	% Change	Change	% Change	Change	% Change
Labor Force	4,489,137	4,501,276	12,139	0.3%	(39,929)	-0.9%	(59,121)	-1.3%
Employed	4,053,878	4,065,918	12,040	0.3%	15,168	0.4%	(268,240)	-6.2%
Unemployed	435,259	435,358	99	0.0%	(55,097)	-11.2%	209,119	92.4%

N.C. Employment Security Commission, Labor Force Statistics

The North Carolina unemployment rate remains unchanged for the 3rd consecutive month at 9.7 percent. Meanwhile, the U.S. unemployment rate increased 0.1 percentage points, from 9.0 percent to 9.1 percent. Despite the increase in the unemployment rate the Nation added 105 thousand employed workers over the last month. The increase was offset, however, by a 167 thousand person rise in unemployment. The increase in unemployed workers may be a sign that people view the job market as more favorable than in previous months and have started seeking employment.

Seasonally Adjusted Unemployment Rates					
	Apr-11 (revised)	May-11 (preliminary)	Previous Month (5/11 compared to 4/11) % Point Change	Last Year - Same Month (5/11 compared to 5/10) % Point Change	Start of Recession (5/11 compared to 12/07) % Point Change
North Carolina	9.7%	9.7%	0.0%	-1.1%	4.7%
United States	9.0%	9.1%	0.1%	-0.6%	4.1%

N.C. Employment Security Commission, Labor Force Statistics

NC Economy loses jobs since last month, close to May 2010 levels

Preliminary data suggest:

- **Since last month** (April 2011) the economy lost 7,400 jobs.
 - Financial Activities gained 1,500 jobs, the largest job increase since last month.
 - Professional and Business Services had the largest job loss, losing 4,000 positions.
- **Over the past twelve months** employment has been relatively flat with a net loss of only 1,000 jobs.
 - Service and knowledge based “White collar” industries have grown 1.6 percent versus 0.2 percent growth in labor intensive “Blue collar” industries. Both totals exclude the Government sector.
- **Since the start of the recession**
 - Education and Health Services is the only sector to have gained employment.

North Carolina Nonfarm Employment Trends by Supersector								
Sector	Apr-11 (revised)	May-11 (preliminary)	Previous Month (5/11 compared to 4/11)		Last Year - Same Month (5/11 compared to 5/10)		Start of Recession (5/11 compared to 12/07)	
			Change	% Change	Change	% Change	Change	% Change
Mining & Logging	5,700	5,700	0	0.0%	100	1.8%	(1,200)	-17.4%
Construction	169,800	170,700	900	0.5%	(8,000)	-4.5%	(81,500)	-32.3%
Manufacturing	435,600	435,300	(300)	-0.1%	3,100	0.7%	(97,700)	-18.3%
Trade, Transportation, & Utilities	721,500	720,100	(1,400)	-0.2%	7,100	1.0%	(60,300)	-7.7%
Information	67,500	67,700	200	0.3%	(400)	-0.6%	(4,500)	-6.2%
Financial Activities	202,500	204,000	1,500	0.7%	6,600	3.3%	(7,900)	-3.7%
Professional & Business Services	502,400	498,400	(4,000)	-0.8%	19,200	4.0%	(7,600)	-1.5%
Education & Health Services	538,400	537,100	(1,300)	-0.2%	(3,600)	-0.7%	3,600	0.7%
Leisure & Hospitality	397,300	397,700	400	0.1%	8,000	2.1%	(7,700)	-1.9%
Other Services	156,800	154,400	(2,400)	-1.5%	(600)	-0.4%	(21,100)	-12.0%
Government	693,000	692,000	(1,000)	-0.1%	(32,500)	-4.5%	(2,800)	-0.4%
Total Nonfarm Employment	3,890,500	3,883,100	(7,400)	-0.2%	(1,000)	0.0%	(288,700)	-6.9%

U.S. Bureau of Labor Statistics, Economy at a Glance Data, Nonfarm Wage and Salary Employment

Existing home sales and building permits in May higher than April levels

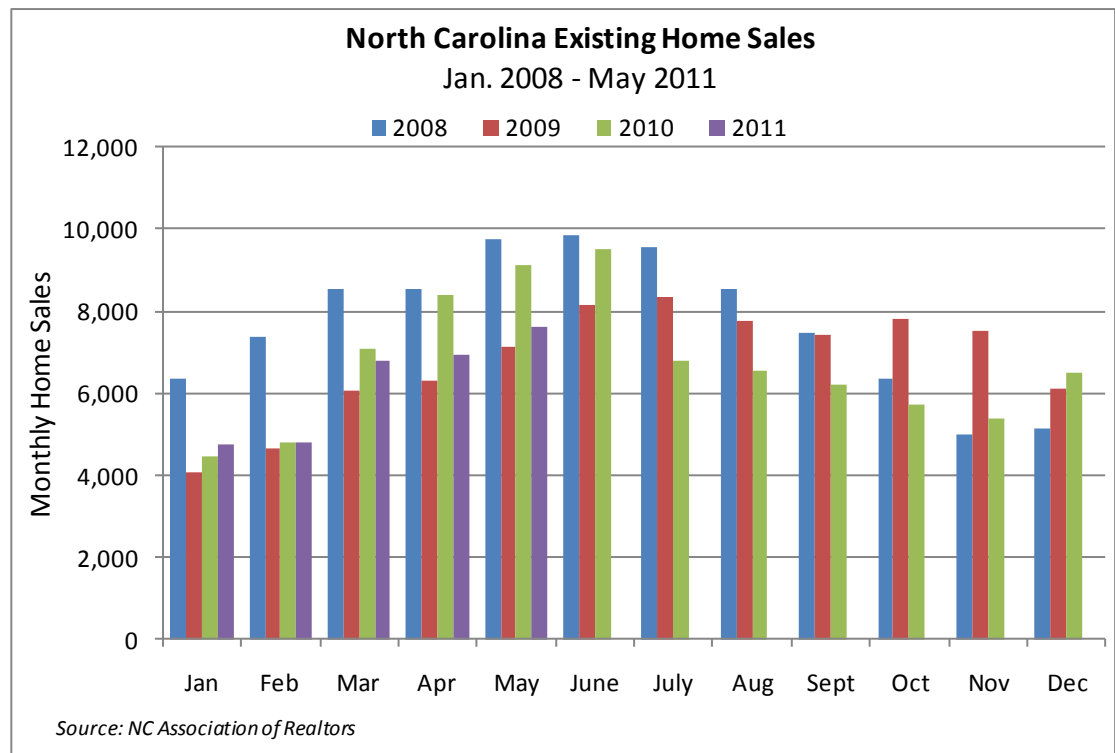
Data from the NC Association of Realtors show a 10.1 percent increase in existing home sales between April and May. An increase in existing home sales is a good sign for a housing market clearing out excess inventory. Housing authorizations increased slightly last month, 2.7 percent higher than April. Housing authorizations were 7.2 percent lower than the same month last year. Foreclosure filings were lower in May than the month before and 38.3 percent lower than the same month a year ago.

North Carolina Housing Market Statistics							
	Apr-11 (revised)	May-11 (Preliminary)	Previous Month (5/11 compared to 4/11)		Last Year - Same Month (5/11 compared to 5/10)		12 Month Average (Beg. of 6/10 - End of 5/11)
			Change	% Change	Change	% Change	
Properties with Foreclosure Filings	2,784	2,689	(95)	-3.4%	(1,668)	-38.3%	3,698
Existing Homes - Units Sold	6,926	7,627	701	10.1%	(1,488)	-16.3%	6,462
Housing Units Auth. by Bldg. Permit	2,136	2,193	57	2.7%	(171)	-7.2%	1,953

RealtyTrac; N.C. Assoc. of Realtors, Existing Homes Sales Data; U.S. Census, Table 2-New Privately Owned Housing Units Authorized

Existing home sales remain below pre-recessionary levels

North Carolina fared better than many other states during the last recession with respect to housing. The chart on the right shows monthly existing housing sales since January 2008. Due to the cyclical nature of the industry, the chart presents the data for each month with a different color corresponding to one of four years. Housing sales



tend to peak in the early summer, between May and July each year. They also see a small rise in December as families close sales in order to claim tax benefits for the calendar year. The chart shows existing housing sales did not start declining in North Carolina until after July 2008. Housing sales were at their lowest from November 2008 to February 2009. In February 2009 the Home Buyer Tax Credit was expanded and helped temporarily boost housing sales. This effect continued throughout 2010 when the tax credit expansion was extended in July. Home sales in early 2011 kept pace with 2010 in January and February but have fallen behind in the last two months. While sales in 2011 are above their 2009 levels they are still more than 18 percent lower than sales in 2008 for each month of 2011.

NATIONAL ECONOMIC UPDATE

National economic growth remains slow in the short run, challenged by the implications of severe spring weather, Japanese supply chain disruptions, and low consumer confidence and spending. Sluggish payroll growth has also contributed to negative consumer sentiment. GDP, however, is expected to continue slow growth through the second quarter, at around 2 percent.

National Gross Domestic Product (GDP)

- In the first quarter of 2011, Real GDP increased at an annual rate of 1.9 percent, according to a revised estimate by the Bureau of Economic Analysis. In the fourth quarter of 2010, real GDP increased 3.1 percent.
- Slow GDP growth, attributed to factors including the struggling housing market and severe spring weather events, may lead to only gradual reductions in unemployment.

Manufacturer's Shipments, Inventories and Orders

- New orders for manufactured durable goods in May increased \$4.0 billion or 2.1 percent to \$196.3 billion, according to the U.S. Census Bureau.
- Shipments of manufactured durable goods in May, up five of the last six months, increased \$0.9 billion or 0.4 percent to \$195.0 billion. This followed a 1.4 percent decrease in April.

Personal Income & Consumer Spending

- Real disposable income increased 0.1 percent in May, compared with a decrease of approximately 0.1 percent in April, according to the Bureau of Economic Analysis.
- Personal income increased \$36.2 billion, or 0.3 percent, in May.
- Real personal consumption expenditures (PCE) declined 0.1 percent in May, the same as a revised-downward real PCE decline of 0.1 percent in April, according the Bureau of Economic Analysis.

Housing

- Sales of new single-family houses in May 2011 were at a seasonally adjusted annual rate of 319,000, with a median sales price of \$222,600 according to estimates released jointly by the U.S. Census Bureau and Department of Housing and Urban Development. This is 13.5 percent above the May 2010 sales estimate of 281,000 single-family houses.
- Single-family housing starts, an indicator of current economic activity, were at a seasonally adjusted rate of 419,000 in May.
- Single-family authorizations (building permits), an indicator of future economic activity, were at a seasonally adjusted rate of 405,000 in May; this is 2.5 percent above the revised April figure of 395,000.

Consumer Confidence

- National consumer confidence fell 3.2 points in June, down to 58.5, according to The Conference Board's Consumer Confidence Index. This is down from a three-year high of 70.4 in February 2011.

If you would like to be added to the distribution list please contact:

Jared Wiener, Director of Economic Analysis, PRSP (jwiener@nccommerce.com, 715-4199)

Report Author: Derek Ramirez – Economist

Additional Report Contributors: Glenn McLaurin - Intern

Previous Monthly Overviews are available on Commerce's website by [clicking here](#) or use the link below:

<http://www.nccommerce.com/research-publications/industry-economy/economic-reports>